

AUTHORIZING THE SECRETARY OF THE INTERIOR TO SELL RESERVED MINERAL INTERESTS OF THE UNITED STATES IN CERTAIN LAND LOCATED IN THE STATE OF CALIFORNIA TO THE RECORD OWNERS OF THE SURFACE THEREOF

FEBRUARY 7, 1974.—Committed to the Committee of the Whole House and ordered to be printed

Mr. HALEY, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany H.R. 2544]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 2544) to authorize the Secretary of the Interior to sell reserved mineral interests of the United States in certain land located in the State of California to the record owners of the surface thereof, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 2, beginning on line 14, strike out all of sections 3 and 4 and insert in lieu thereof the following:

SEC. 3. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 4. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 5. The term "administrative costs" as used in this Act includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the mineral deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 6. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

PURPOSE

The purpose of H.R. 2544, introduced by Mr. Whalen, is to authorize the Secretary of the Interior to convey reserved mineral interests of the United States in certain lands located in the State of California to the record owners of the surface thereof.

EXPLANATION AND NEED

H.R. 2544 directs the Secretary of the Interior to convey all mineral interests of the United States in the approximately 269 acres located in California to Dr. and Mrs. Robert E. Pumphrey, the surface owners of record.

The land is located in the Carmel-Cachagua Valley, about 9 miles southeast of the town of Carmel Valley, Calif. The land was patented in 1931 under the Stockraising Homestead Act of 1916 as amended, 43 U.S.C. § 291 *et seq.*, with all minerals reserved to the United States.

The bill directs the Secretary to require a deposit of money which he deems sufficient to cover the estimated administrative costs of the conveyance. If a conveyance is not made and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount; however, if the costs are less than the deposit, the Secretary is directed to refund the excess.

An application for conveyance must be filed with the Secretary within 6 months of the date of approval of the bill. Payment of administrative costs and the fair market value of the interests to be conveyed must be made within the time specified by the Secretary. The money received for administrative costs shall be paid to the agency which rendered the service, and the money received for the mineral interests shall be paid into the general fund of the Treasury.

The land has only nominal value for copper and associated minerals. Part of the land was mined for copper until 1931. Even with a conveyance of the mineral interests by the U.S. Government pursuant to the bill, rights arising from the abandoned claim may constitute a further cloud on the title.

The subject land is worth from \$500 to \$750 per acre. Monterey County officials have indicated that land in the area is being developed into residential homesites and that there is pressure to ban any mining in the vicinity of the subject land.

Dr. Pumphrey wishes to sell this property for a subdivision but has been unable to do so due to this mineral reservation.

COMMITTEE AMENDMENTS

The committee amendments convert the bill to the form customarily used in this type of legislation.

Open public hearings were held on the bill on December 4, 1973, and no opposition to the bill was heard.

At the hearing the witness for the Department of the Interior testified that the Department would have no objection to passage of the bill if amended to provide for the payment of the administrative costs, plus the fair market value of the mineral, if any. Those amendments were made by the committee.

COST

No additional Federal expenditures are involved in the enactment of H.R. 2544.

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs recommends enactment of H.R. 2544. The bill was unanimously ordered reported by a voice vote.

DEPARTMENTAL REPORTS

The favorable report of the Department of the Interior follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., December 3, 1973.

HON. JAMES A. HALEY,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on H.R. 2544, a bill to authorize the Secretary of the Interior to sell reserved mineral interests of the United States in certain land located in the State of California to the record owners of the surface thereof.

We have no objection to the enactment of the bill, if amended as suggested herein.

H.R. 2544 directs the Secretary of the Interior to convey all mineral interests of the United States in the approximately 269 acres located in California to Dr. and Mrs. Robert E. Pumphrey, the surface owners thereof. If the Secretary determines that the land is not valuable for minerals, conveyance would be made upon payment of \$200 to reimburse the United States for administrative costs of the conveyance. Otherwise, the mineral interests are to be sold to the record owners upon payment of a sum equal to \$200 plus the fair market value of the mineral interests as determined by the Secretary after appraisal. Proceeds from the sale would be covered into the Treasury as miscellaneous receipts.

We have been advised that the subject land is located in the Carmel-Cachagua Valley, about 9 miles southeast of the town of Carmel Valley, Calif. The land was patented in 1931 under the Stock-raising Homestead Act of 1916 as amended, 43 U.S.C. § 291 *et seq.* (1970), with all minerals reserved to the United States.

The land has nominal value for copper and associated minerals. Part of the land was mined for copper until 1831. A conveyance of the mineral interests pursuant to this bill would be subject to valid existing rights. Therefore, even though the claim was abandoned, it may constitute a cloud on the title.

We understand that the subject land is worth \$500 to \$750 per acre. Monterey County officials have indicated that land in the area is being developed into residential homesites and that there is pressure to ban any mining in the vicinity of the subject land.

Information submitted to us by Dr. Pumphrey indicates that he has attempted to sell the subject land to land developers for real estate subdivision but that developers are unwilling to acquire the property because of the mineral reservation.

It is the policy of this Department to interpose no objection to private legislation to convey mineral interests reserved to the United States when the subject land is not valuable for the minerals reserved or the reservation would interfere with or preclude more beneficial development of the land than mineral development. This case appears to meet the latter criterion. Therefore, we have no objection to a release of the reservation.

However, although the bill provides for payment for fair market value of the mineral interests, it does not adequately protect the public interest because it does not assure payment of administrative costs if they exceed \$200. Also, if after enactment of the bill the beneficiary elects not to acquire the interests, no provision is made for reimbursement for costs which may have been incurred by the United States in preparation of the release.

In reporting on other bills of this type, the Department has recommended standard language so that all beneficiaries will be treated alike and the public interest will be protected. For this reason we recommend that H.R. 2544 be amended by substituting the following language for sections 3 and 4 of the bill:

SEC. 3. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 4. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interest to be conveyed. The amount of the payment required shall be the difference between the amount de-

posited and the full amount required to be paid under this section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 5. The term "administrative costs" as used in this Act, includes, but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the mineral deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 6. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

As you and your committee are aware, this bill is one of many that is introduced in every Congress to convey reserved mineral interests. This method of authorizing these conveyances is both cumbersome and costly. Section 206 of the administration's proposed "National Resource Lands Management Act of 1973" (H.R. 5441) would authorize the Secretary of the Interior to make these conveyances for fair market value in accordance with the conditions and criteria described above. We urge prompt enactment of H.R. 5441 to authorize this and other improved methods of managing the public lands and Federal Interests in lands.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

STEPHEN A. WAKEFIELD,
Assistant Secretary of the Interior.

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